

Traps in Diagnosing Organizational Failure

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Two Common Problem Areas

- Pitfalls in perceiving the sources of decline
- Pitfalls in understanding the sources of decline

Pitfalls in Perceiving the Sources of Decline

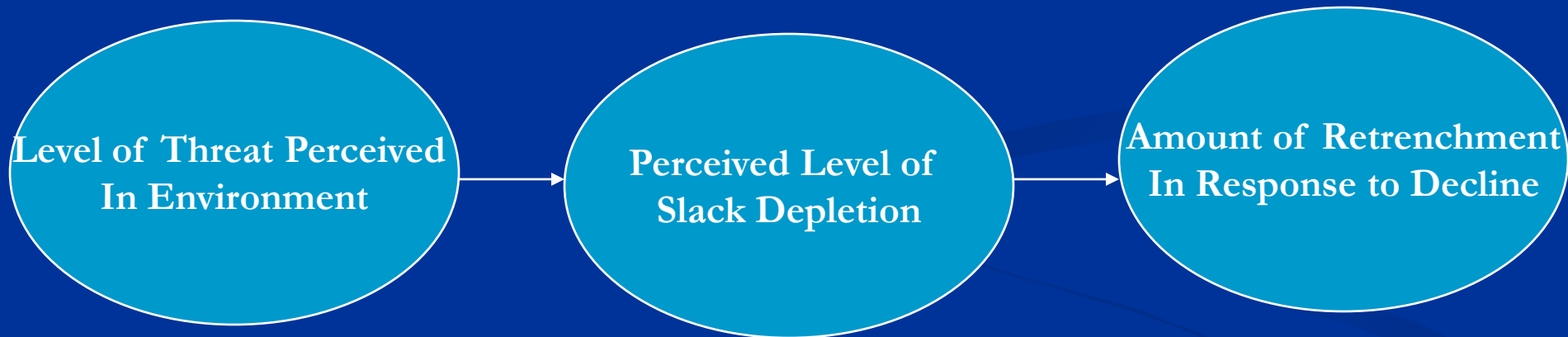
- Relying on filtered data
- Paying too much attention to salient information
- Selective perception

Pitfalls in Understanding the Sources of Decline

- Self-serving causal interpretations
 - Overconfident managers and acquisitions (Doukas & Petmezas, 2007)
- Experiential and personality influences
 - IT directors (Harrison, 2004)
 - Gender differences in downsizing as a solution

Pitfalls in Understanding the Sources of Decline

■ Problem framing



How Managers Can Overcome These Pitfalls

- Directly engage the environment
- Be self-confident but avoid hubris
- Have a diversified management team that shares viewpoints
- Get outside advice on major problems and issues

References

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References

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- James, D. N. (2002). The trouble I've seen. *Harvard Business Review*, 80(3), 42-49.